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Summary

¶1. (C) In this addition of the Panama Post, our headlines are:

- Alberto Vallarino, declaring "Enough already!" launches campaign for Panamenista Party nomination;
- Cambio Democratic presidential candidate Ricardo Martinelli celebrates the Feast of the Epiphany with four rallies;
- Panama City Mayor and PRD presidential candidate Juan Carlos Navarro: "I want Vallarino to win;"
- Former President Ernesto "El Toro" Perez Balladares launches his mayoral candidate, Noel Riande;
- Martinelli responds to whisper campaign; and
- Former President Guillermo Endara to formalize presidential candidacy.

"Enough already!" -- Vallarino Launches Presidential Campaign

¶2. (SBU) Launching his presidential run to chants of "Enough already! (Basta ya!)" on January 7, Alberto Vallarino squarely portrayed himself as the answer to President Martin Torrijos' "unfulfilled promises" and "inability to make decisions." Presenting himself as a successful and accomplished administrator, this former banker declared, "The tie has been taken off and the decision has been made. I am a candidate for the Presidency of the Republic. We will return (to office)." The top issues addressed included: public transportation, healthcare, law and order, employment, and standard of living. He had specifics focused at winning the support of specific voting blocs. For Panama's indigenous peoples, he promised to establish a Ministry of Indigenous Affairs. For Panama's "burdened professional class," Vallarino promised to alleviate the burden of the CAIR (a kind of alternate minimum tax) by raising the exemption to USD 1,000. Refraining from taking swipes at other Panamenista "pre-candidates," Vallarino instead slammed Torrijos as: somebody who could not or would not decide; somebody more interested in advertising campaigns "to boost his ego;" and somebody who does not fulfill promises, including to reduce poverty, ensure "zero corruption," create jobs. To each challenge, Vallarino asserted that he would "decide" and "act."

13. (C) "Alberto wrote the speech himself," Panamenista Party Secretary General Francisco "Pancho" Aleman told POLCOUNS on January 9. "He was not happy with the drafts that Jose Manuel Teran and (Patriotic Union (UP) VP) Jose Raul Mulino prepared for him." While acknowledging that it ran too long at forty-five minutes, Aleman underscored, "These were his words." Aleman also explained the Panamenista theology behind Vallarino's repetition of the line "We will return! (Volveremos!)" while holding up his fingers to form the letter "v." During the 1951 coup d'etat against him, party founder Arnulfo Arias was photographed flashing the same "v" symbol as the military dragged him out of the presidency. "'v' does not stand for victory (victoria), but rather 'We will return! (Volveremos!),' " Aleman explained. In this way, Vallarino was striving to tie himself to the very early roots of the Panamenista party and to Arias himself. During his last conversation with POLCOUNS, Vallarino went to great lengths to explain his close relationship to Arias, underscoring several times that he "grew up just down the street from Arias" and was "practically a family member." (Note: Vallarino considers Arias to be his uncle. Arias' first wife was Vallarino's mother's first cousin.) Aleman also shared that to date, Vallarino had been self-financing his campaign; "He will hold his first fund raiser in the coming days though." Vallarino was very cautious about accepting money from others, Aleman asserted, but in the end could always trust his own money. Soon Vallarino, in a test of strength with Panamenista President and declared candidate for the Panamenista presidential nomination Juan Carlos Varela, would embark on an effort to sign up 25,000 new party members. Acknowledging that there was some tension among campaign advisors, Aleman said that, though they would achieve it, this goal had been established by Jose Manuel Teran. "What does Teran know about politics though? That doctor is not a politician. He overstepped his organizational responsibilities by setting that goal."

14. (C) Comment: Vallarino's claim to have drawn 15,000 supporters to his campaign launch were wildly exaggerated. POLCOUNS, present at the rally, estimated the crowd size at 7,500 to 8,000, an estimate shared by Panamenista leaders and some journalists on scene. Aleman conceded as much by stating that they would have achieved the 15,000 mark if the event had been held back for another hour pending the arrival of the final buses, "but the ad copy had already been delivered to the newspapers." Nonetheless, Vallarino succeeded in drawing a significant crowd to a well crafted political rally. True to his reputation, Vallarino mixed little with the "washed" special invitees on the mammoth fifteen foot high seventy-five foot wide stage and not at all with the "unwashed" masses in the dusty field. Indeed, Vallarino ascended to a five foot high podium in the center of the stage. Soaring some twenty feet above the crowd, many could not identify him until well into his speech. Press risers and cut-away risers caught the made-for-TV images of Vallarino delivering his speech against a bill board-sized backdrop of the party's red, yellow, and black colors and a fifteen by twelve foot profile image of Vallarino's face. Vallarino lost the attention of most in the crowd, who had waited up to two hours in the blazing sun, after about twenty minutes into his address. Vallarino demonstrated his ability to organize a large event and his willingness to expend considerable resources on his campaign. Now it remains to be seen if he will be able to carry this effort forward to pull his poll numbers out of the doldrums to first challenge Juan Carlos Varela, who has a commanding lead among Panamenista leaders for the party's presidential nomination.

Three Kings Day with Martinelli

15. (SBU) Democratic Change (CD) President and presidential candidate Ricardo Martinelli careened through four rallies on January 7 across Panama City in Chilibre, Los Andes, San Miguelito and Tocumen giving away USD 140,000 in gifts/prizes. POLCOUNS caught up with Martinelli in San Miguelito, his third stop, where Martinelli waded into the

jammed gymnasium of the Instituto Rubiano to raffle off washing machines, refrigerators, and ovens as well as give away dozens of bicycles, electric fans, mattresses, irons, blenders and other household goods. The scene was repeated later in the afternoon in a Tocumen baseball field where Martinelli gave away twenty-nine inch televisions and -- the ultimate prize -- a car. Martinelli did not deliver any long addresses, but did launch pointed barbs at Torrijos and the governing Revolutionary Democratic Party (PRD).

¶6. (C) While Panama City broad sheet daily "La Estrella" estimated that Martinelli drew 50,000 people to his four events, Martinelli's full-page add on January 8 claimed only 30,000 and POLCOUNS estimated a total of 20,000, a number Martinelli's campaign advisor thought was reasonable. Campaign advisor Jimmy Papademetriou told to POLCOUNS that he believed that he had "averted a disaster" by re-packaging the day's events as a Feast of the Epiphany (Three Kings Day) event. Papademetriou explained that CD National Assembly Deputy Jose Munoz had sold Martinelli on the concept of a large event to compete directly with Vallarino's campaign launch. "Vallarino is at four percent in the polls. Martinelli is at forty percent in the polls," Papademetriou said. "Why would we want to get into a who's-crowd-is-bigger measuring contest?" Munoz though had portrayed the event as essential to winning over continued support to attract new political leaders to the CD. Martinelli confided that he believed that three PRD deputies would join the CD in the coming months. Papademetriou dismissed such logic as convenient for Munoz to ensure Martinelli was on hand for Munoz's re-election effort. "For USD 140,000, I could have done four events over the course of a month without competing with Vallarino," Papademetriou said. "Ricardo said it's his money though and there's plenty more available."

¶7. (C) "In the general elections, there will be four candidates: the PRD candidate, the Panamenista candidate who will probably be Varela, Endara, and me," Martinelli told Ambassador on January 9 over lunch at the Cafe Bulvar, the traditional haunt on Panama City's main thoroughfare for journalists, politicians, and other hangers-on. "I am not worried about a race in which there are three opposition candidates, because in the end the most anti-PRD candidate will win: me." Martinelli said that this next campaign would be expensive and would get very bloody.

¶8. (C) Comment: Papademetriou noted that the Three Kings Day's events had allowed him to test out Martinelli's campaign machinery to see where they needed better equipment (e.g., sound systems), who the good event organizers were, and other organizational needs. For his part, Martinelli continues to be his typical confident self, assuring Ambassador, "I will win this race, and the U.S. will have a strong friend in me, stronger than any previous Panamanian president." Fearful of losing the limited number of CD deputies he has -- most of whom jumped ship from other parties -- Martinelli is easily swayed by their pleas for help and to spend (his) money. Noting that Martinelli, in a recent poll, drew thirteen percent of PRD members' support, Papademetriou urged Martinelli not to attack the PRD party, but rather Torrijos the person. Assisted by El Salvadoran ARENA election professionals, Papademetriou is striving to assert more control over Martinelli's campaign activities, message management, and general discipline. Dealing with the headstrong Martinelli, Papademetriou will have his work cut out for him.

Navarro: "I want Vallarino to win the Panamenista primary"

¶9. (C) "I want Vallarino to win the Panamenista primary," Panama City Mayor -- and PRD presidential candidate -- Juan Carlos Navarro told Ambassador on January 12. "He would split the anti-PRD vote with Martinelli, and make it easier for me to win by allowing me to pick up independents on top of the PRD vote." Contrary to polling that post has seen, Navarro asserted that Vallarino was handily defeating Varela

and would prevail.

¶10. (C) Comment: Navarro was his usually brash and confident self at lunch. He tipped the press off to ensure a publicity bounce in the wake of former President Ernesto "El Toro" Perez Balladares' announcement of Noel Riande's candidacy to run for Panama City Mayor. At this meeting though, Navarro seemed less confident than previously that Minister of Housing Balbina Herrera would not challenge him for the PRD's presidential nomination; his assertions that he did not have "Balbina problem" were simply less convincing. Nonetheless, Navarro exuded enough confidence to look down the road to the general elections. He firmly believes that, if he can get to the general elections, that he will face a hopelessly divided opposition over which he can prevail.

"El Toro" Lanches His Mayoral Candidate

¶11. (SBU) In a bizarre announcement, former President Ernesto "El Toro" Perez Balladares announced January 9 that he would support Noel Riande as the PRD candidate to be Mayor of Panama City. Having teased the media that he had an "important" announcement to make that day, El Toro proceeded to dominate the scene intended to launch Riande. "The problems of the city demand a mayor who is available twenty-four hours a day. Instead of riding around on horses, the mayor (Juan Carlos Navarro) should be riding around on garbage trucks," Perez Balladares proclaimed. Riande, the former head of the PRD's businessman's front, was left on the sidelines of his own campaign announcement.

¶12. (C) Comment: Riande stands nearly no chance of winning. One political wag described him as "wealthy and politically clueless, the ideal toy for El Toro." Navarro for his part downplayed the attacks on him reminding the press that he was running for president, not mayor. In his January 11 lunch with Ambassador (see para 9), he bravely said that he would turn the corner on the "garbage crisis" that has plagued his administration. He even went so far as to say that he would get a bounce out of the "garbage crisis" since he would demonstrate he was a good manager. These latest antics by El Toro demonstrate that he can still cause waves.

Martinelli Responds to Whisper Campaign

¶13. (U) "Success is shared with all," proclaimed full-page ads taken out by the Super99 supermarket chain in all Panama City's major newspapers on January 10. The ads prominently featured Super99 owner -- and presidential candidate -- Ricardo Martinelli surrounded by his employees distributing end-of-year bonuses and awards (including major appliances). According to the ad, "more than USD 747,525 in bonuses (were) distributed" in December along with food baskets, major electric appliances, mattresses, bicycles, and scholarships. One out of every three chain employees as at least one child who receives a scholarship from the company, the ad stated.

¶14. (C) Martinelli explained to Ambassador on January 11 that this ad was intended to respond to the PRD's whisper campaign that asserted that Martinelli was a bad employer. Campaign advisor Papademetriu January 7 asserted to POLCOUNS that "former military intelligence officers closely associated with the PRD" were actively pushing negative whisper campaigns against Martinelli, including campaigns that asserted that Martinelli did not pay his bills, that supermarket chain owner was responsible for the rising cost of living, and that Martinelli was crazy and on medication. Of these whisper campaigns, CD VP Roberto Henriquez explained to POLCOUNS on January 12 that Martinelli and his team were most concerned about the "bad employer" gossip, hence the ad campaign. "We will continue to fight these kinds of negative campaigns with our good story," Henriquez said. As for the assertion that Martinelli was responsible for the rising cost

of living, Henriquez explained that the CD did not believe that message was hurting Martinelli. "People see prices going up all around them -- gas, electricity, rent, cars, and food -- and they know that Super99 is not responsible for all of it. Super99 is still one of the more competitive food stores and it only accounts for two percent of retail sales nationwide."

¶15. (C) Comment: Martinelli's team sees gossip control as a top priority. Having sustained a commanding lead in the polls, Martinelli and his CD advisors are keenly aware that they present a big target. Whether Papademetriu's assertions that former "G-2 types" are actively manipulating the public, the fact remains that these rumors are careening around town and have gained a currency.

Endara to Formalize Candidacy

¶16. (C) Moral Vanguard of the Nation (VMP) party president Guillermo Endara would be elected in VMP's party primary on January 13, VMP leader Menalco Solis told POLCOUNS on January ¶11. (Note: Former President Endara faces no opposition in this primary in the party that he established for himself.) Solis said that Endara would launch his presidential campaign in an event on January 21. While exceedingly enthusiastic and optimistic, Solis acknowledged that VMP has no money, only has a presence essentially in Colon and Panama City, cannot do any polling and has no access to polling data, and has no outside domestic or international political advisors. Musing about the speech that he would have to give on January 21, Solis said that he would answer the question of "why Endara for president?" by underscoring his "sterling honesty" and "everything that flows from that." Telling POLCOUNS to mark down this date, Solis said, "I predict that (Alberto) Vallarino will step down when he realizes that he is likely to finish in third place or worse in the general elections. He is too proud to be an also-ran."

¶17. (C) Comment: If one were to bet on a long-shot horse to win Panama's presidential race, Endara would be the horse on which to bet. While he cannot be considered a frontrunner by any stretch of the imagination, seasoned political watchers in Panama are all too aware of how well Endara did in 1999 garnering twelve percent of the vote or about 500,000 votes. To be considered a serious candidate, however, future events and developments would need to break his way to clear a path forward.
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